



Department of
**Jobs, Tourism, Science
and Innovation**

Parliament of Western Australia – Economics and Industry

Standing Committee

Inquiry into the WA Domestic Gas Policy

JTSI Submission



Contents

Inquiry - Terms of Reference.....	3
The Policy.....	4
The 1970s Policy Approach.....	5
The 2006 Policy.....	5
The 2011 Policy Update	5
The 2020 policy update	6
Recently executed domestic gas commitment agreements	7
Domestic gas commitments in place.....	9
The Market	10
Gas Consumer Profile	10
Gas Producer Profile	11
Gas Market Outlook.....	12
Demand Supply Balance	12
Policy Compliance.....	13
Compliance monitoring process.....	13
Communication to the market.....	17
Gas Services Information	17
Efficient operation of the gas market.....	18
Effective operation of the WA Domestic Gas Policy	19
Table of Abbreviations.....	21
Attachment 1: Government response to the Economics and Industry Standing Committee's 'Inquiry into Domestic Gas Prices' 2011.....	22



Inquiry - Terms of Reference

The Economics and Industry Standing Committee will inquire into matters relating to the WA Domestic Gas Policy.

In particular, the inquiry will consider:

1. The adequacy of mechanisms to ensure:
 - a. Timely delivery of gas into the domestic market
 - b. Transparency of supply and prices of gas available to the domestic market.
2. The state government's role in ensuring adequate availability of domestic gas into the future, particularly over the short to medium term.
3. The findings and recommendations of the 2011 *Inquiry into Domestic Gas Prices*, prepared by the previous Economics and Industry Standing Committee (2008–2013), to the extent that they are relevant to the current inquiry's terms of reference 1 and 2.



The Policy

Successive WA governments have maintained a domestic gas policy since the North West Shelf LNG project in 1979. The WA Government released policy updates in 2006, 2011 and 2020 responding to trends in the LNG industry and changing dynamics in the WA gas market. The three pillars of the WA Domestic Gas Policy (Policy) are gas reservation, domestic supply infrastructure and marketing in good faith. The basic principles of the Policy are detailed in Box 1.

Box 1: The *WA Domestic Gas Policy*

The *WA Domestic Gas Policy* (Policy) is given effect through long-term agreements between developers of LNG export projects, developers of onshore gas projects and the WA Government. These agreements are struck at project inception to provide certainty for LNG export and onshore project developers and allow for a sustained supply of gas into the local market.

LNG export project developers commit to making domestic gas available by:

- reserving domestic gas equivalent to 15% of LNG production from each LNG export project;
- developing and obtaining access to the necessary infrastructure (including a domestic gas plant, associated facilities and offshore pipelines) to meet their domestic gas commitments; and
- showing diligence and good faith in marketing and making available gas to existing and prospective consumers.

Projects are required to undertake these actions such that domestic gas is available to coincide with the start of LNG production.

JTSI communicates to market participants any agreed changes to agreement arrangements with LNG exporters.

Prices and contracts for domestic gas are determined by market participants. Any unsold gas must be reserved and made available in support of WA's economic and industrial development.

LNG exporters are required to report on compliance against their obligations to the WA Government, which are subject to independent review. Market transparency is achieved through this reporting process, including progress in how commitments are being met and gas availability for local consumers.

Dispute provisions in the agreements allow for independent scrutiny and provide for investigation and resolution of default in meeting obligations. The WA Government will use these measures where required.

LNG exporters may propose to offset their domestic gas commitments by supplying gas or other energy from alternative sources, rather than supplying gas from their LNG project. Offsets must provide a net addition to WA's domestic energy supply, and the offset must be a necessary prerequisite to seeing that net additionality realised. JTSI is developing a framework and guidelines for the application of offsets.

Gas in the WA pipeline network is readily accessible to local consumers and needs to support WA's economic and industrial development. The Policy does not provide for the export of gas via the existing WA pipeline network.

The Policy and domestic gas commitment agreement details can be found on JTSI's website at:

<https://www.wa.gov.au/government/publications/wa-domestic-gas-policy>.



The 1970s Policy Approach

The *North West Gas Development (Woodside) Agreement Act 1979* included express obligations for the State to invest in infrastructure in order to ensure the commercial success of the project by the joint venture parties. These obligations included the State's decision to provide critical infrastructure for the project (including the construction of the Dampier to Bunbury Natural Gas Pipeline in 1984), community development facilities and a 20 year purchase agreement for gas by the then State Electricity Commission of WA. The purchase agreement assured Western Australia of supplies of gas adequate for its needs at contemporary commercially competitive prices. The policy approach emphasised the State's interest in developing a management framework to enable resource projects to reach commercial stability without the State having to take direct ownership or interest in the resources themselves. The policy approach, which focuses on outcomes for the development of the State rather than project regulation, is reflected in recent domestic gas commitment agreements and lays out the foundation principles for future policy considerations.

The 2006 Policy

Reflecting the principles enshrined in the policy approach to securing energy supplies in the 1970s, the WA Government Policy on Securing Domestic Gas Supplies was released in October 2006. The 2006 Policy continued the State's commitment to managing market supply frameworks through conditions being place on project approval. The 2006 Policy included a domestic gas supply commitment as a condition of access to Western Australian land for the location of processing facilities in order to achieve the State's objective to secure domestic gas commitments up to the equivalent of 15% of LNG production from each export gas project. At the time, the 15% target reflected the contemporary estimate of the State's future domestic gas needs.

The 2006 Policy did not seek to impose specific regulatory requirements on each project. Rather, on a case by case basis, the Policy provided commercial flexibility to enable the proponents to meet their domestic gas commitments. Further, and consistent with the principles adopted in the late 1970s, the 2006 Policy enabled market mechanisms to set the price of gas sold into the domestic market. This approach to the setting of policy facilitated market driven project investment whilst delivering broader social and economic benefits to the State and Western Australian community.

The 2011 Policy Update

Following the 2010 Parliamentary Inquiry into Domestic Gas Prices, in 2011 the Government released a policy update which aimed to provide increased clarity to the operation of the 2006 Policy. In brief, the update clarified that gas producers would continue to be required to demonstrate their ability to meet the Domestic Gas Policy as a condition of project approval. The State would also continue to apply the policy flexibly with the following expectations:

- LNG producers would continue to commit to making available domestic gas equivalent to 15% of LNG production from each LNG export project.



- Producers would commit to developing, or obtaining access to, the necessary infrastructure (including a domgas plant, associated facilities and offshore pipelines) to meet their domestic gas commitments as part of their approvals process.
- Producers would show diligence and good faith in marketing gas into the domestic market, and these efforts could be subject to independent review.
- The obligation to supply domestic gas should, as far as possible, coincide with the start of LNG production.
- Prices and contracts for domestic gas would continue to be determined by the market.
- Producers would be able to propose to offset their domestic gas commitment by supplying gas or other energy from an alternative source, rather than supplying gas from their LNG projects. Among other conditions, producers would have to demonstrate that the proposed offset represented a net addition to the State's domestic energy supply.

The 2011 Policy statement did not provide for an explicit commercial viability test. The Policy provided that prior to approval, projects should demonstrate capacity to supply gas to the domestic market in accordance with the Policy expectations. The Policy emphasised these measures to incentivise delivery rather than attempt the development of a quasi-regulatory framework establishing criteria for commercial viability. Notwithstanding, at the time Government indicated that it was developing a framework to clarify 'commercial viability' of domestic gas requirements, but would consult with industry before finalising the framework. These consultations have not progressed to enable the publication of a framework.

The 2020 policy update

The WA Government updated the Policy in August 2020 to keep it fit for purpose. The amendments strengthen compliance, improve transparency of commitments, and ensure gas availability for new industrial development. The changes responded to concerns from downstream gas project developers in relation to gas supply and active marketing from existing domestic gas commitment holders.

Prior to the 2020 Policy update, the WA Government did not have a policy position regarding the export of gas produced onshore.

The Policy update clarified that the WA Government would not support the export of gas from the local pipeline network other than in exceptional circumstances, in order to ensure gas is available for local industry development. This clarification responded to emerging demand for gas from the local market to meet reserve shortfalls in the North West Shelf LNG facilities. It also responded to a crisis on the east coast, where integration of domestic and international gas markets has led to the export of onshore gas that would otherwise have been domestic-only, which as a consequence contributed to rising local gas prices. The 2020 Policy update did not change the policy settings for traditional, large-scale LNG export developments.



Recently executed domestic gas commitment agreements

Recently-executed commitment agreements (see Table 1) give effect to the updated Policy provisions. They have robust compliance reporting requirements and obligations to support transparency measures, subject to being able to reasonably demonstrate material commercial harm. The new agreements are available on the *WA Domestic Gas Policy* website ([WA Domestic Gas Policy \(www.wa.gov.au\)](http://www.wa.gov.au)). Other agreements are available directly from relevant proponents. JTSI is working with proponents to include all agreements on the website. Recent agreements include:

- **Waitsia Joint Venture domestic gas commitment agreement** – The Waitsia Joint Venture has approval to process 7.5MT of LNG for export at the North West Shelf LNG facilities to the end of 2028. From 2029 onwards, the project is required to provide 100% of gas produced for the domestic market. The Waitsia Joint Venture's LNG export approval from 2020 to 2028 enabled the project to move forward in a time of great global economic uncertainty, and to begin supplying gas into the domestic market. This export approval includes an associated domestic gas commitment of around 20 TJ/d (which amounts to a total of around 62 PJ) from 2020 to end 2028, equivalent to 15% of its LNG exports, which is being supplied using the Xyris production facility and eventually the Waitsia Gas Plant (currently under construction). After the end of the export period, the remaining reserves from the Waitsia field will be made available to the domestic market.

The approval is capped under the terms of the agreement and remaining gas from the Waitsia field is available for the local market. The joint venture is reporting on compliance against its domestic gas commitment as well as efforts to market remaining Waitsia reserves to local consumers. The Waitsia Gas Plant could support future development in the highly prospective Perth Basin.

- **Pluto Acceleration domestic gas commitment agreement** – This agreement allows Woodside to process 3MT of LNG for export at the North West Shelf LNG facilities to the end of 2025.

The Pluto Acceleration domestic gas commitment provides for a stable and regular supply of domestic gas of around 18 TJ/d from May 2022 to the end of 2025. Once production of Pluto LNG at the North West Shelf LNG facilities ceases, any remaining domestic gas commitment volume transfers to Woodside's Additional domestic gas commitment.

At Woodside's request, in August 2022 the Minister for State and Industry Development, Jobs and Trade approved a reduction in the LNG Production Capacity Approved Quantity (PCAQ) as allowed for under the Pluto Acceleration Domestic Gas Commitment Agreement. The LNG PCAQ decreased from 3MT to 2.5MT, with a corresponding decrease in the domestic gas commitment from 24.7 PJ to 20.5 PJ. The reduction is only anticipated to affect domestic gas supply in the 2025 calendar year.

- **Additional domestic gas commitment agreement** – Woodside has agreed to market and make available 45.6 PJ to the domestic gas market using its share of North West Shelf gas reserves and infrastructure (plus any remaining domestic gas commitment volumes transferred from the Pluto Acceleration commitment).



Woodside's Additional domestic gas commitment is separate and in addition to the North West Shelf Joint Venture's 2015 domestic gas commitment. Woodside's Additional domestic gas commitment provides for a stable and regular supply of domestic gas of around 25 TJ/d from the start of 2025. The State is treating Woodside's Additional domestic gas commitment as a contribution towards the 2006 Pluto commitment.

- **Scarborough domestic gas commitment agreement** – The Scarborough agreement provides for a commitment to supply domestic gas, estimated to be around 1,400 PJ over the life of the Scarborough field, equivalent to a rate of 180 TJ/d during peak LNG production. The agreement includes reporting and transparency obligations consistent with the other recent agreements and is available on the *WA Domestic Gas Policy* website.



Domestic gas commitments in place

There are 8 domestic gas commitment agreements in place, with a commitment totalling 6,151 petajoules (PJ) over the life of the agreements, given current reserves estimates (Table 1). This amount of total supply under the Policy complements supply from domestic-only gas projects (which do not export). The Australian Energy Market Operator (AEMO) reports that base case estimates for Western Australia's domestic gas demand is forecast to range from approximately 400 PJ to 470 PJ per year during the period 2023 to 2032. Over the forthcoming decade, AEMO forecast total demand to range between 3,700 PJ (low development case) to 4,270 PJ (base case) 5,200 PJ (high case).

Table 1: Domestic gas commitment agreements

Agreement (LNG project, operator, date)	LNG export capacity	Indicative domestic gas commitment	Domestic gas supplied to end 2022
Barrow Island Act 2003 (Gorgon, Chevron, 2003)	15.6 mtpa	300 TJ/d (2,000 PJ)	387 PJ
2006 Pluto Domgas Arrangements (Pluto, Woodside, 2006)	4.9 mtpa	115 TJ/d (390 PJ)	23 PJ
Ashburton North State Development Agreement (Wheatstone Project) (Wheatstone, Chevron, 2011)	8.9 mtpa	200 TJ/d (1,530 PJ)	209 PJ
North West Gas Development (Woodside) Agreement Amendment Act 2015 (North West Shelf, Woodside, 2015)	16.9 mtpa	90 TJ/d (703 PJ)	149 PJ
Waitsia Joint Venture Domestic Gas Commitment Agreement (Waitsia, Mitsui E&P Australia, 2020)	1.5 mtpa (7.5 mt total)	20 TJ/d (62 PJ)	21 PJ
Pluto Acceleration Domestic Gas Commitment Agreement (Pluto, Woodside, 2021)	0.2 – 1.0 mtpa (2.5 mt total)	18 TJ/d (20.5 PJ)	8 PJ
Additional Domestic Gas Commitment Agreement (N/A, Woodside 2021)	N/A	25 TJ/d (45.6 PJ)	N/A
Scarborough Domestic Gas Commitment Agreement (Scarborough, Woodside, 2021)	8.0 mtpa	180 TJ/d (1,400 PJ)	N/A

Note 1: The Additional Commitment project and Scarborough project have yet to commence production.

Note 2: The domestic gas commitments are headed 'indicative' based on the amounts included in the DCAs but are subject to gas field performance over the life of each project. Each DCA/State Agreement has provisions to manage field performance.

While domestic gas commitments are struck with LNG project joint ventures, the companies in the joint ventures market and make available domestic gas and LNG on an individual basis according to their equity share in the project. In all there are 23 LNG exporters with domestic gas commitments (domestic gas commitment holders) with the State. Some of these exporters hold multiple commitments. Marketing personnel and



contact details for each domestic gas commitment holder are available on JTSI's website at ([Implementation of the WA Domestic Gas Policy \(www.wa.gov.au\)](https://www.wa.gov.au/government/implementation-of-the-wa-domestic-gas-policy)).

In addition to securing sufficient domestic gas supply for existing residential, commercial, mining and industrial consumers, the Policy settings seek to support the attraction of new downstream gas processing industry, which is a priority of the WA Government.

The Market

The WA domestic gas supply chain is divided into three sectors: upstream producers, transmission and distribution networks and downstream consumers.

The WA domestic gas market is characterised by¹:

- Large gas reserves that are mostly located offshore and developed mainly to supply the global LNG market.
- A limited number of large suppliers and consumers.
- Bilateral, commercial, and long-term take-or-pay gas sales contracts.
- Residential, commercial, and small industrial consumers comprising around 15% of total demand.
- Small volumes of short-term and spot gas sales.
- A small number of pipelines and interconnectors, with limited surplus pipeline capacity.
- Limited information about supply that is available to be contracted, potential buyers, and gas contract pricing.
- Total gas storage capacity of 78 PJ, which can receive up to 150 TJ/d and supply up to 210 TJ/d.

Gas Consumer Profile

Since the 2010 Parliamentary Inquiry, the structure of the WA domestic gas market has not experienced substantial change. Figure 6 from AEMO's 2022 WA Gas Statement of Opportunities (WA GSOO) reflects a similar sectoral consumption pattern as recorded in Chapter 1 of the 2010 Inquiry Report.

The WA GSOO reports WA's gas demand as follows²:

- Minerals processing (25%).
- Electricity generation (SWIS and non-SWIS) (23%).
- Mining (21%).
- Industrial (major users such as ammonia and fertiliser manufacturers) (11%).
- Retail distribution network (7%).
- Others (13%).

¹ AEMO 2022 WA GSOO, p. 24/5, [2022-wa-gas-statement-of-opportunities.pdf \(aemo.com.au\)](https://aemo.com.au/gas/docs/default-source/wa-gas-statement-of-opportunities/2022-wa-gas-statement-of-opportunities.pdf)

² *ibid*



Most large customers are supplied directly through the transmission network (such as the DBNGP and the Goldfields Gas Pipeline [GGP]) and account for 84% of WA's total domestic gas demand. In 2022, customers supplied through the retail distribution network accounted for approximately 7% of total gas demand.

Gas Producer Profile

In 2022, all domestic gas commitments amounted to a total supply of around 6,151 PJ.

Consistent with the information recorded in the 2010 Parliamentary Inquiry Report, the current WA domestic gas market is characterised by a limited number of large gas suppliers. The four largest commitment holders — Woodside, Chevron, Shell and ExxonMobil — accounted for 88% of the total volume for all commitments. Following its merger with BHP in 2022, Woodside is the largest combined commitment holder, accounting for 37% of all commitments, up from 29% pre-merger. The next largest is Chevron at around 33%. Four companies — Chevron, Woodside, Shell and Tokyo Gas — have shares in more than one commitment.

The 2022 WA GSOO³ reports that there are currently nine production facilities supplying the WA domestic gas market, with a total nameplate capacity of about 2,040 TJ/d. The Karratha Gas Plant (KGP) operated by Woodside Energy maintains the largest nameplate production capacity at 630 TJ/d.

Evident trends and events between 2014 and 2022 include:

- Since 2014, the gas supply sources in WA have become more diversified.
- Domestic market operator quantities from Gorgon (2016), Pluto (2018) and Wheatstone (2019) started supplying the domestic gas market.
- Xyris Production Facility was expanded to 20 TJ/d in mid-2020 and 28 TJ/d in early 2021.
- In January 2022, Gorgon started supplying its second tranche of gas, taking its total domestic production capacity to 300 TJ/d.
- The KGP's market share declined from 48% in 2014 to 6% in 2022. Some production in 2022 has been sourced from the Pluto gas field via the Pluto-KGP interconnector as part of the Pluto Acceleration project.
- The Beharra Springs Deep gas field was connected to the existing Beharra Springs gas production facility in early 2021, which has increased the facility's production from 6 TJ/d in 2020 to 20 TJ/d in 2022.

In the domestic market, when comparing the average gas production market share by company for the 2021-22 financial year, Santos was the largest producer (39%), followed by Chevron (21%) and BHP (14%). In January 2022, stage 2 of the Gorgon project was brought online, resulting in Chevron, Shell and ExxonMobil increasing their market shares and Santos' market share declining from 43% in December 2021 to 34% in January 2022.

³ AEMO 2022 GSOO, p. 35, [2022-wa-gas-statement-of-opportunities.pdf \(aemo.com.au\)](https://aemo.com.au/gas/2022-wa-gas-statement-of-opportunities.pdf)



Woodside's merger with BHP Petroleum, effective 1 June 2022, increased Woodside's market share from 4% in May 2022 to 18% in June 2022.

Gas Market Outlook

Since mid-2020, there has been a significant shift in WA's domestic gas market fundamentals, with the market tightening after a long period of oversupply.

A number of supply-side challenges have impacted the availability of gas supply, including:

- Low production from the North West Shelf (NWS) since the completion of legacy contracts in mid-2020. Increased supply from Gorgon and Wheatstone has been insufficient to offset the reduction in NWS domestic supplies which is also constrained by reserves.
- Reserves downgrades at fields supplying the Wheatstone, Macedon, Varanus Island, Devil Creek and Waitsia domestic gas facilities.
- Declining supply from domestic-only gas projects, including Devil Creek and Varanus Island.
- Delays to new domestic-only developments such as West Erregulla.

On the demand side, gas is displacing high-emitting sources such as coal and diesel, particularly as industry and the economy transitions to lower emissions. There is also increased demand for gas as a flexible energy source in supporting renewable generation. Coal supply issues have also driven a need for gas to support power generation.

In its December 2022 WA GSOO, the AEMO's base case forecast is for a small shortfall in gas supply from 2023 through to 2026, a small surplus from 2027 to 2029 and a deficit thereafter.

Demand Supply Balance

Local consumers used an average of 1,052 TJ/d of gas in 2022, marginally higher than 2021. AEMO expects base case demand in WA to grow at an average annual rate of 1.7% over the next decade, which is more than double the forecast growth rate in 2021. AEMO's forecast reflects its position that the closure of state-owned coal-fired power plants by the end of this decade will lead to a sharper increase in gas demand for electricity generation. AEMO is also of the view that the transition from coal to gas in the mineral processing sector will lead to an increase in gas demand. Broader Government policy is supporting new energy projects that will increasingly replace gas driven electricity generation which will result in a net decrease in gas demand over time.

In its 2022 WA GSOO, AEMO's base case scenario, forecasts domestic gas demand increasing from 1,099 TJ/day in 2023 to 1,278 TJ/day in 2032 at an average annual rate of 1.7%. The base case forecasts that additional South West Interconnected System (SWIS) electricity generation demand will increase from 127 TJ/day in 2023 to 304 TJ/day in 2032, as coal power station retirements (in AEMO's modelling) are only partially



replaced by renewables. AEMO's base case also forecasts that committed new resources projects are expected to add 43 TJ/day to gas demand by 2026. JTSI incorporates AEMO's modelling and works with DMIRS through Energy Policy WA in its consideration of future gas requirements.

Policy Compliance

JTSI has been working to improve monitoring of domestic gas obligations and improve communication to the market about the obligations and how the Policy works to give effect to them.

The Policy affords flexibility to companies to contract gas sales under normal market mechanisms. Through compliance reporting, the Government seeks to ensure that gas is marketed and sold in a way that reasonably reflects WA market conditions and that gas supply is sufficiently balanced to meet short, medium and long-term demand profiles.

Inherent in the JTSI's Policy oversight role is a recognition that the Policy does not set gas prices. JTSI does not directly intervene between producers and consumers to set or regulate a pricing schedule.

The objectives of the compliance program within the Policy are:

1. to assess the progress of performance against commitments, contextualised in light of the Western Australian gas market outlook;
2. to engage with gas market participants;
3. to ensure that Policy settings remain fit for purpose as the industry and market evolves; and
4. to inform Policy evolution to align with the broader strategic and economic decarbonisation objectives of the WA Government. This includes the Policy's role in supporting new domestic energy supply such as renewable hydrogen through offsets.

Compliance monitoring process

The Reporting and Assessment Cycle

JTSI reviews and assesses the compliance of gas producers with the Policy based on annual compliance reports submitted by domestic gas commitment holders. Commitment holders report individually (as companies) and on a confidential basis. Compliance reports are not required to contain contract counterparties, prices or commercial terms.

Each year, LNG exporters report to government on compliance against their domestic gas commitments. The annual reporting process allows JTSI to:

- assess compliance against domestic gas commitments at a project and company level;
- anticipate and assess the risk of default or material changes to commitments; and
- update the market on progress on the implementation of commitments and when and how much gas is available to it.



As is shown in the Figure 1 below, companies submit their annual domestic gas reports by the end of March for the preceding calendar year. On a case-by-case basis, JTSI consults with commitment holders to ensure that the information is clear and consistent with their commitment requirements and current status.

JTSI provides its assessment to the Minister for State Development (as the responsible Minister) around Q3 each year, along with letters to each commitment holder responding to their annual domestic gas reports. In the second half of the year, JTSI updates the market via its website and AEMO's WA Gas Consultative Forum (WA GCF). AEMO's WA GSOO is released in December.

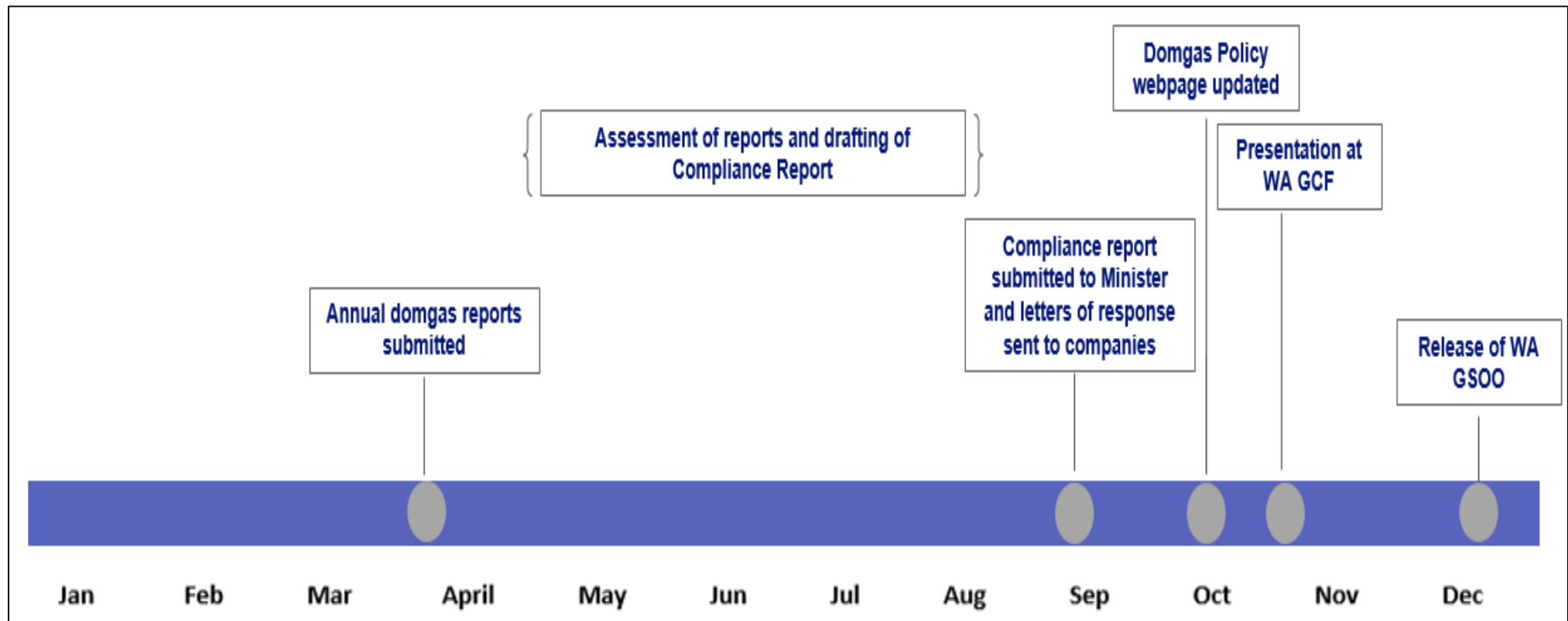
The Department of Mines, Industry Regulation and Safety (DMIRS) provides technical assistance and advice to JTSI by assessing the adequacy of reserves for each project to meet their domestic gas commitment.

JTSI also corroborates data in the reports with other sources such as: companies' ASX, annual reports and investor briefings; AEMO's Gas Bulletin Board (GBB)⁴ and WA GSOO; separate reporting from LNG facility operators (as processors/tollers of their Joint Venture Party's resources); industry analysis by independent third parties; and intelligence from market stakeholders.

⁴ The GBB is a public website that publishes historical data, including daily production data (in TJ) for each WA domestic gas processing facility since 2013. Domestic gas production facilities are statutorily required to report on it. See <https://gbbwa.aemo.com.au/#home>.



Figure 1: Compliance Assessment Process





Reporting standards

Reporting requirements vary between the contractual commitments with the State. Between agreements the nature and confidentiality of the agreements differ, as do the specifics of the obligations in them. However, requirements for reservation, domestic supply infrastructure and marketing are common.

Since 2016, JTSI has been working with LNG exporters to standardise reporting against the *WA Domestic Gas Policy Reporting Framework* (Reporting Framework) which is resulting in a continuous improvement to the quality of compliance reporting.

The Reporting Framework captures, at a high level, the types of information required by Government to ascertain whether the commitments are being given effect. It is available on JTSI's website. JTSI has used the Reporting Framework as a guide to develop reporting templates over time. The reporting requirements have evolved with recent commitment agreements (executed in 2020 and 2021), which include more rigorous reporting clauses and stipulate or imply that commitment holders agree to provide information in a comprehensive template. As much as possible, JTSI aims to lift the level of detail for all reports in line with these more recent agreements (available on JTSI's website).

Table 2 highlights the reporting obligations for LNG exporters as stipulated in the State Agreements, Domestic Gas Producer Agreements and Domestic Gas Commitment Agreements that give effect to the Policy.

Table 2: Reporting obligations for each project

Project	Agreement	Reporting Requirement Clause
NWS	North West Gas Development Agreement Amendment Act 2015	Clause 46A. (4)(h) – Provision of New Domgas Reports
Pluto	Site Deed – Pluto Site Domestic Gas Arrangements	Clause 4.3 – Reporting on Pluto Domgas Commitment
Wheatstone	Domgas Producer Agreement	Clause (11) – Reporting
Gorgon	Barrow Island Act 2023	Clause 17 (3) & (4) – Gas to mainland
Waitsia	Waitsia Domestic Gas Commitment Agreement	Clause 6 (h) – Provision of Field Area Domgas Reports
Additional Commitment	Additional Domestic Gas Commitment Agreement	Clause 6 (h) – Provision of Additional Domgas Reports
Pluto Acceleration	Pluto Acceleration Domestic Gas Commitment Agreement	Clause 6 (h) – Provision of Field Area Domgas Reports
Scarborough	Scarborough Domestic Gas Commitment Agreement	Clause 9 – Reporting



Communication to the market

Domestic gas commitments from LNG exporters make a large contribution to the local market and economy. For the Policy to be effective, the WA gas market requires information demonstrating that obligations are being met and by what mechanisms, as well as how much gas is available to contract.

JTSI has historically provided transparency on the project level commitments and gas availability by updating and expanding details on each project commitment on the *WA Domestic Gas Policy* website and by giving presentations to market forums.

The information made available includes basic obligation structure, infrastructure, reserves, and total and supplied commitment quantities. New commitment agreements are published in full. In future, JTSI proposes to include the equity shares of individual companies in each export project. Data on the total commitment for each project can be combined with reserves and this ownership data to determine the domestic gas commitments of the individual companies involved in LNG export projects.

Currently, the website also details offsets in place, domestic gas marketing contacts for each company and any key developments around the Policy. JTSI also gives updates on the implementation of the Policy through presentations to the WA GCF and engages with market stakeholders.

To ensure the information published on the JTSI website is clear and consistent with the commitment requirements and current status, JTSI checks with project operators before any web content is updated. JTSI updates the website in the second half of each calendar year after the completion of that year's compliance process.

Gas Services Information

The *Gas Services Information Act 2012* and the *Gas Services Information Regulations 2012*, provide a regulatory framework that facilitates competition and improves the security and transparency of information in the WA gas market. The Western Australian Gas Bulletin Board (WA GBB) and the WA GSOO provide the public with short and longer term information on the natural gas supply-demand balance in Western Australia. AEMO independently operates the WA GBB and publishes the annual WA GSOO. Both initiatives commenced in 2013 and cover the whole of the gas market, including domestic gas commitment holders and other gas suppliers.

The WA GBB is a public website maintained by AEMO that publishes historical data on natural gas supply, transmission, storage and demand in Western Australia, and forward capacity outlooks for gas production, pipeline and storage infrastructure.

The WA GSOO forecasts domestic gas demand and potential supply over the next decade, under low, base and high scenarios. AEMO forecasts demand disaggregated by area, region and sector. The WA GSOO includes the aggregated demand and supply capacity and forward contracted positions of registered Gas Market Participants, submitted to AEMO through a confidential survey.

Gas supply information on the GBB is published by production facility, including domestic supply facilities of LNG export projects which deliver commitment gas. However, the GBB



data and WA GSOO outputs do not differentiate historical or forecast supply by individual sellers that have domestic gas commitments. Domestic gas price forecasts were discontinued after the first five yearly review of the WA GSOO in 2018 in response to stakeholder feedback. The WA GSOO now calculates an average weighted production cost series used to inform the price inputs in the supply model and discusses how the series ranges from low to high over the forecast period.

JTSI's information on the nature and structure of, and progress against, the domestic gas commitments and how these change over time helps inform the development of the WA GSOO supply forecasts each year.

Efficient operation of the gas market

Within the context of the information provided to the market through the GBB and WA GSOO, market transparency is important to an efficient functioning market. As part of the suite of information provided to the market, these information services contribute to JTSI's broader implementation of the Policy which seeks to promote an efficient market where appropriate information is readily available. Improved market transparency delivers a number of benefits including:

- enabling more informed decisions and facilitating more efficient planning and investment;
- providing more timely and accurate signals about the supply-demand balance so that the market can respond more efficiently to changing market conditions, and
- promoting competition, lowering search and transaction costs and reducing the information asymmetry and imbalance in bargaining power that users can face through the supply chain.

Better information about gas availability and contracting facilitates a common view of the state of the gas market among buyers and sellers, which reduces uncertainty and helps transactions occur. Over time, clarifications of the Policy in response to changes in the market have sought to reduce information asymmetries between producers and consumers in order to incentivise market transparency and increase competition.

For LNG projects, JTSI seeks to understand the amount of gas available for purchase from producing companies to improve the efficiency of the gas market. JTSI requires company level reporting on gas sold (including forward sales). Using this information enables JTSI to transparently communicate the gas sold and net this from commitments to define available gas. As part of its Policy implementation processes and its annual compliance program JTSI continues to seek to make more information available on commitment gas supplied and contracted forward to assist price discovery.

Publishing volumes of gas sold shows both the relative progress of each producer in delivering their respective total commitments as well as, when considered in light of the total commitment, how much gas remains to be supplied from each of the commitment holders. Company level reporting and clarity on equity share of reserves (and production capacity if this differs from equity share) provides transparency for gas buyers on who has gas to sell.



On an annual basis, JTSI publishes the above data on a project level relating to its Domestic Gas Commitment Agreements on its website at <https://www.wa.gov.au/government/publications/implementation-of-the-wa-domestic-gas-policy>. Following the completion of the annual compliance reporting period, JTSI updates the website information in order to keep the market up to date.

Noting JTSI's efforts to improve the efficiency of the market through greater transparency, the Policy is, by its design, intended to allow for flexibility of supply. Commitment holders are not required to sell gas if they cannot negotiate acceptable prices and contract terms, however must continue to market it. This flexibility aims to balance incentives for exploration and development and supply for domestic consumers.

To support assessments of obligations upon commitment holders to market in good faith, JTSI has begun sourcing gas market intelligence and expert advice to examine information from commitment holders. The advice seeks to determine whether there is information held by market participants that is not readily available to the State in relation to the marketing practices of commitment holders. JTSI seeks to understand whether market participants are demonstrating fair behaviours that reflect the holders regularly making available volumes aligned with domgas targets. JTSI obtains this advice parallel to its referral to DMIRS for information about the status of gas reserves. This provide JTSI with information relevant to the annual compliance report which JTSI prepares for the Minister for State Development.

Effective operation of the WA Domestic Gas Policy

A key Policy objective is to achieve sustained domestic gas supply over the life of each LNG project. This is apparent in the publicly available commitment agreements. As part of its annual compliance program, the Minister writes to each commitment holder in relation to their respective performance against their obligations. During periods of market saturation, the principal purpose of Ministerial communications is to remind holders to continue to meet their supply and marketing obligations. During periods where demand projections indicate a tightening of supply, the Ministerial communications seek specific and further information about the respective holders' intentions to increase supply in order to balance the market and the timing of this supply. Where necessary, JTSI follows up these communications with case-by-case proponent meetings to explore options and opportunities.

Box 2: Engagement with proponents

During the 2020 compliance cycle, the Minister confirmed to one company that it was at risk of not meeting its commitment due to limited supply. Subsequent to the receipt of the letter, the company and JTSI met, and JTSI outlined the basis of its recommendation that the Minister advise this company that it was at risk of not meeting its commitment. JTSI outlined the expectations of Government, and the company committed to addressing the risk of non-compliance. In the subsequent reporting periods, the company has substantially improved its performance. This recent example demonstrates that JTSI's relationship management is an effective lever within the scope of the Policy to improve performance against commitments.



Transparency is a key component of the effective implementation of the Policy as it improves clarity around the compliance with the Policy. In response to this need, JTSI is developing the WA Domestic Gas Commitment Statement (Statement). The objective of the Statement is to improve the operation of the market and the Policy by providing gas market participants with the information they need to understand:

- how much gas is expected to be available in the WA market, and from whom, through commitments made under the Policy; and
- how LNG exporters are progressing with implementation of their domestic gas commitments.

JTSI continues to consult with industry in relation to the Statement, particularly in regard to considerations around the publication of commercially sensitive data. Noting these continuing consultations, publishing data on gas supplied and sold in the Statement will show that commitments are on track and being given effect. JTSI intends to finalise and publish the Statement by the end of June 2024.

Understanding when gas is sold, contracted or committed for sale against the individual domestic gas commitments by companies supports the Policy operating more efficiently. An informed market can provide government with feedback on Policy implementation, including whether there are issues with the commitments being met. Further, as many LNG producers point to their domestic gas commitments as a demonstration of their corporate social responsibility, JTSI believes that the risk of jeopardising an exporter's social licence to operate through any perceived non-compliance with the Policy will further incentivise commitment holders to continue meeting their obligations.

JTSI is of the view that improved transparency in the market will increase the efficiency of the Policy to deliver gas to consumers at prices acceptable to the market at the same time as incentivising investment in exploration and development. JTSI supports further efforts to request from producers forward looking supply profiles to understand when commitment volumes will come to market, which is critical due to the risk of a market shortfall. JTSI also supports further efforts to request from consumers forward looking demand profiles to understand the volumes of gas required over the required timeframes and to more effectively match supply and demand.



Table of Abbreviations

Abbreviation	Description
AEMO	Australian Energy Market Operator
ASX	Australian Stock Exchange
DBNGP	Dampier Bunbury Natural Gas Pipeline
DCA	Domestic Gas Commitment Agreement
DMIRS	Department of Mines Industry Regulation and Safety
Domgas	Domestic Gas
GBB	Gas Bulletin Board (AEMO)
GGP	Goldfields Gas Pipeline
GSOO	WA Gas Statement of Opportunities (AEMO)
JTSI	Department of Jobs Tourism Science and Innovation
JV	Joint Venture
KGP	Karratha Gas Plant
LNG	Liquid Natural Gas
MT	Million Tonnes
MTPA	Million Tonnes Per Annum
NWS	North West Shelf
PCAQ	Production Capacity Approved Quantity
PJ	Petajoule (1 PJ = 31.6 million m ³ of natural gas)
SWIS	South West Interconnected System
TJ/d	Terajoule (1 TJ = 26 300m ³ of natural gas = 17.63 tonnes of LNG)
WA GCF	WA Gas Consultative Forum (AEMO)



Attachment 1: Government response to the Economics and Industry Standing Committee's 'Inquiry into Domestic Gas Prices' 2011

Recommendation	Response and Comments	2023 Update Comments
<p><i>Recommendation 1:</i> That the Department of Mines and Petroleum review the methodology, assumptions and historical database of natural gas supply and demand (including average price information) for Western Australia to confirm the veracity of this information.</p>	<p>Noted. On 17 September 2010, the Department of Mines and Petroleum responded to questions on notice from the Economics and Industry Standing Committee. Question 7 asked the Department to provide data on the production of “sales gas” into the Western Australian economy over a period of at least 10 years. The Department provided data for the period 1990 to 2010.</p> <p>The data for the years 1995-96 to 1998-99, questioned by the Committee in its report (page 19), was checked by the Department's Royalties Branch and was consistent with that previously provided to the Committee.</p> <p>The data provided by the Department was based on the aggregation of data provided by producers and collected under:</p> <ul style="list-style-type: none">• the <i>WA Petroleum (Submerged Lands) Act 1982</i>, sections 143 to 151;• the <i>WA Petroleum and Geothermal Energy Resources Act 1967</i>, sections 142 to 149;• the <i>Commonwealth Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>, sections 631 to 634;• the <i>Offshore Petroleum (Royalty) Act 2006</i>, sections 6 to 15; and• various Royalty Schedule Agreements between the Minister and the licensee of the licensed area under clauses 9 and 10. <p>This information is the basis for the calculation of royalties payable to Western Australia.</p> <p>The average price data provided by the Department to the Committee is the sales value divided by the volume of sales gas. Quantity and value figures are provided by producers in accordance with the legislative requirements outlined above for determination of royalty payments. In addition, the companies provide data to the Department in relation to sales gas quantities relating to projects under the <i>Petroleum Resource Rent Tax Act 1987</i>.</p>	<p>DMIRS continues to use data provided to it on the production of sales gas as the basis of its royalty calculations.</p>



Recommendation	Response and Comments	2023 Update Comments
<i>Recommendation 2:</i> The Office of Energy expedites the introduction of more reliable gas demand and supply forecasts for Western Australia that take price sensitivity and trends into account.	<p>Accepted. The Office of Energy is in the process of implementing arrangements to facilitate the periodic development and publication of Gas Statement of Opportunities reports.</p> <p>The Gas Statement of Opportunities is intended to provide a long-term supply and demand forecast across all stages of the gas market supply and demand chain. It will help improve transparency and competition in the Western Australian gas market.</p> <p>While these arrangements are being implemented, and in recognition of the importance of providing market participants with reliable information on gas availability and pricing, the Office of Energy is undertaking initial modelling work on forecast supply and demand, and future gas prices up to 2030. This work is being done as part of the Strategic Energy Initiative: <i>Energy 2031</i> and is scheduled for completion in 2011. This modelling information would form the basis of an inaugural Gas Statement of Opportunities.</p>	<p>Gas Statement of Opportunities (GSOO) reports was first published by AEMO in 2014 and is produced annually. The WA GSOO forecasts domestic gas demand and potential supply over the next decade, under low, base and high scenarios</p> <p>In 2021 the Minister for Energy released the Energy Transformation Strategy Stage 2: 2021 – 2025</p>
<i>Recommendation 3:</i> The flexibility within the state's domestic gas reservation policy should be maintained unless an independent cost-benefit analysis demonstrates that a strict reservation of 15% of the gas from each LNG project for the domestic market represents a more valuable and efficient use of the resource.	<p>Accepted. The Government will continue to conduct negotiations with proponents based on the flexibility within the State's domestic gas reservation policy.</p>	<p>The Government continues to support the flexibility principles within the Domgas policy. These principles provide the appropriate incentives to balance supply side investment and competitive market demand management.</p>



Recommendation	Response and Comments	2023 Update Comments
<p><i>Recommendation 4:</i> The government establishes an independent Gas Market Monitor to oversee the operation of the local wholesale gas market. Modelled on the Queensland Gas Commissioner and reporting to the Minister for Energy, the Gas Market Monitor's primary duties would be to:</p> <ul style="list-style-type: none">• publish an annual gas market review that includes price-sensitive supply/demand forecasts and identifies deficiencies in the operation of the market;• facilitate discussion between government and market participants on how to address identified market inefficiencies; and• provide the basis for ministerial and Departmental discussions with LNG producers before future domestic reservation obligations are finalised.	<p>Noted. The proposed scope for the Gas Statement of Opportunities will include publishing of annual gas market information, including price sensitive supply and demand forecasts.</p> <p>This recommendation will be further considered by the Government in the context of developing the wholesale gas market initiatives outlined above, and as part of the Strategic Energy Initiative: <i>Energy 2031</i> process.</p>	<p>Gas Statement of Opportunities (GSOO) reports was first published by AEMO in 2014 and is produced annually.</p> <p>Information about the gas market in WA is published on the WA Gas Bulletin Board (GBB). The GBB is a public website that publishes forecast and historical data on the domestic production, transmission, storage and usage of natural gas in Western Australia. It was formally established (alongside the WA Gas Statement of Opportunities) in 2013 under WA's Gas Services Information (GSI) Rules</p>



Recommendation	Response and Comments	2023 Update Comments
<p><i>Recommendation 5:</i> The Department of State Development commence discussions with the North West Shelf Joint Venture to obtain a commitment from the joint venturers that production capacity at the Karratha Domestic Gas Plant will continue at current levels, as per the terms of the existing State Agreement, until at least 2025.</p> <p>Scope should remain open within the agreement to allow third party gas processing at the Karratha Gas Plant should North West Shelf reserves prevent full production capacity from being maintained after 2020.</p>	<p>Noted. The Department of State Development has written to the North West Shelf Joint Venture and commenced discussions on these issues.</p>	<p>The North West Gas Development (Woodside) Agreement Act 1979 (NWS SA) was varied in 2014 to provide for the processing of third party gas and gas from areas outside of the Agreement Area.</p> <p>JTSI continues to liaise with the NWSJV parties to ensure that each meets their respective Domgas obligations.</p> <p>Processing of third party gas at the Karratha Gas Plant is already underway with Pluto gas as per the Pluto Acceleration Agreement and eventually Waitsia gas.</p>
<p><i>Recommendation 6:</i> Under the terms of the State Agreement, the Minister for State Development confirm with the Gorgon joint venturers and advise Parliament on:</p> <ul style="list-style-type: none">the current date by which the Barrow Island domestic gas processing plant is expected to be built to its full 300 terajoules per day capacity; andthe potential of this facility to process third party gas as an interim measure.	<p>Noted. The Department of State Development has written to the Gorgon Joint Venture and commenced discussions on these issues.</p>	<p>The Barrow Island domestic gas processing plant was initially built with a 150 TJ/d capacity in 2016 and reached its full 300TJ/d capacity on 1 January 2022.</p> <p>The Barrow Island Act 2003 provides for the processing of third party gas.</p>



Recommendation	Response and Comments	2023 Update Comments
<p><i>Recommendation 7:</i> Even with reduced formal powers, the state government should do all it can to obtain a commitment to the domestic gas market, including from developments using Floating Liquefied Natural Gas (FLNG) technology.</p> <p>The government should encourage the promotion of third party gas processing to meet such commitments.</p>	<p>Noted. The Department of State Development has written to Shell to commence discussions on the possibility of providing gas to the domestic market.</p>	<p>A number of agreements that give effect to the Policy allow for third party gas processing.</p> <p>The Government continues to support and update the Policy</p> <p>In 2011 the Policy was clarified to reinforce that the policy required producers to actively market and make available gas to the WA consumer market and to provide for offsets in the form of supply of energy from alternative energy sources.</p> <p>In 2020 the Policy was updated to ban the export of gas through the local pipeline network, other than in exceptional circumstances</p>
<p><i>Recommendation 8:</i> Department of State Development refine, and publish a list of, any general parameters that are deemed to satisfy “commercial viability” as it pertains to domestic gas reservation obligations.</p>	<p>Accepted. The State’s domestic gas reservation policy does not explicitly specify that domestic gas supply will be subject to a commerciality test, although it does say that negotiations will be “on a case-by-case basis to take account of the different characteristics of each project”. The Department of State Development is developing a framework to provide more clarity on the issue of commercial viability and will consult with relevant industry bodies before publishing this information.</p>	<p>After further consultation with industry, JTSI has not progressed the development of a framework to provide more clarity on the issue of commercial viability.</p>
<p><i>Recommendation 9:</i> The review mechanism articulated in Clause 17 (Schedule 1) of the <i>Barrow Island Act 2003</i> should be regularly enforced until the Gorgon Joint Venturer’s full domestic gas production capacity is contracted.</p>	<p>Noted. Under Clause 17 of the <i>Barrow Island Act 2003</i>, the Gorgon Joint Venture provides quarterly reports to the Minister for State Development. This recommendation will be included in the discussion with the Gorgon Joint Venture referred to in Recommendation 6.</p>	<p>In accordance with the State Agreement, Gorgon has continued to provide its quarterly reports.</p> <p>Gorgon has also updated its reporting frequency and format in line with other producers that contain sufficient detail to assess compliance.</p>



Recommendation	Response and Comments	2023 Update Comments
<p><i>Recommendation 10:</i> To ensure that commerciality provisions applicable to domestic gas reservations are used appropriately, a register of all independent assessments of commercial viability claims should be maintained by the Department of State Development.</p> <p>Whilst commercially sensitive material should remain confidential, a detailed explanation of the reasoning behind each assessment should be published.</p>	<p>Accepted. As noted under Recommendation 8, the Department of State Development is developing a framework to provide more clarity on the issue of commercial viability. This will include discussions with relevant industry bodies on the extent to which information underpinning assessments of commercial viability can be published.</p>	<p>After further consultation with industry, JTSI has not progressed the development of a framework to provide more clarity on the issue of commercial viability.</p>
<p><i>Recommendation 11:</i> All future domestic gas reservation agreements should include a review mechanism, similar to that contained in Clause 17 of the <i>Barrow Island Act 2003</i>, which obliges producers to actively and diligently test the market and be subject to independent assessment.</p> <p>If prices are deemed by such an independent assessor to be commercially viable, producers should be further obliged to enter into contractual arrangements at the most attractive terms available to the producer.</p>	<p>Noted. The Government recognises the merits of such a review mechanism but notes that it would need to assess the practical operation of the review mechanism before it became a standard component of domestic gas reservation agreements. This will be considered in the context of discussions with industry proponents.</p>	<p>The Domestic Gas Commitment Agreements are published on the JTSI website WA Domestic Gas Policy Documents (www.wa.gov.au)</p>



Recommendation	Response and Comments	2023 Update Comments
<p><i>Recommendation 12:</i> The Department of Mines and Petroleum should request that the Commonwealth Department of Resources, Energy and Tourism (DRET) respond urgently regarding:</p> <ul style="list-style-type: none">• A detailed update on the status of the 2009 “Review of Policy relating to the Grant and Renewal of Retention Leases”.• DRET’s current position on retention lease management processes.• The merit of subjecting all retention leases with no development plans in place within the next five years to a re-evaluation of commercial viability by the Joint Authority.• Ensuring that the supply of gas to the domestic market is included as a priority in the process of renewing or issuing a retention lease.	<p>Accepted. On 6 May 2011, the Department of Mines and Petroleum requested an update from the Commonwealth Department of Resources, Energy and Tourism on the issues identified by the Committee in Recommendation 12.</p> <p>On 16 June 2011, the Department of Mines and Petroleum received a response from the Commonwealth Department of Resources, Energy and Tourism, a copy of which is attached (Attachment A).</p>	<p>In May 2019 the Department of Industry, Science, Energy and Resources released its Guideline into the Grant and Administration of a Retention Lease and Related Matters in relation to the <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>.</p> <p>The purpose of the guideline is to assist existing and prospective titleholders, and other stakeholders, to understand the requirements, indicative timing and processes leading to the determination of an application for a retention lease</p>
<p><i>Recommendation 13:</i> The government should vigorously pursue the elimination of the joint marketing authority currently granted to the North West Shelf and Gorgon joint venturers when the applications come up for renewal in 2015.</p>	<p>Noted. The Government recognises the purpose of this recommendation but notes that the effect of joint marketing arrangements on domestic gas prices will need to be assessed on the basis of market conditions at the time of review and in conjunction with the Australian Competition and Consumer Council, which will undertake the review.</p>	<p>The Government has not extended previously granted authorities providing for joint marketing arrangements.</p>



Recommendation	Response and Comments	2023 Update Comments
<i>Recommendation 14:</i> The Minister for Energy proceed with the introduction of a Short Term Trading Market in Western Australia as a matter of priority.	<p>Noted. The Government is in the process of implementing a Gas Bulletin Board.</p> <p>In addition to providing transparent, near-term information on the state of the gas market, system constraints and market opportunities in Western Australia, it is envisaged that the Board may also include a voluntary facility to “introduce” matching buyers and sellers. However, this facility will not feature market settlement or other trading services and is intended to complement commercial trading arrangements. The merits of the inclusion of the voluntary trading facility will be assessed during consultation on the Board, scheduled for the second half of 2011.</p> <p>The Government notes there are some privately operated gas trading schemes for industry participants in Western Australia, and Government will consider the need for a compulsory Short Term Trading Market following a review of the operation of the Board and gas market developments across Australian jurisdictions.</p>	<p>Information about the gas market in WA is published on the WA Gas Bulletin Board (GBB). The GBB is a public website that publishes forecast and historical data on the domestic production, transmission, storage and usage of natural gas in Western Australia. It was formally established (alongside the WA Gas Statement of Opportunities) in 2013 under WA’s Gas Services Information (GSI) Rules</p>
<i>Recommendation 15:</i> The Minister for Energy expedite the introduction of a Gas Market Bulletin Board and Gas Statement of Opportunities in Western Australia.	<p>Accepted. The Government is committed to the introduction of a Gas Bulletin Board and Gas Statement of Opportunities as soon as practicable.</p> <p>The Minister for Energy has recently selected the Independent Market Operator to administer the Gas Bulletin Board and Gas Statement of Opportunities. Work is proceeding to develop a regulatory framework in parallel with stakeholder consultation in the second half of 2011 on the detailed arrangements.</p>	<p>Information about the gas market in WA is published on the WA Gas Bulletin Board (GBB). The GBB is a public website that publishes forecast and historical data on the domestic production, transmission, storage and usage of natural gas in Western Australia. It was formally established (alongside the WA Gas Statement of Opportunities) in 2013 under WA’s Gas Services Information (GSI) Rules</p>



Recommendation	Response and Comments	2023 Update Comments
<i>Recommendation 16:</i> That the Minister for Energy arrange for a review to be undertaken of identified shortcomings in Western Australia's regulated gas transmission sector with a view to urgently progressing reforms that will overcome the need for gas market participants to trade in gas without first or separately having to enter into long-term transmission contracts.	<p>Noted. Creating a 'market carriage' system for gas transmission would remove the need for gas traders to also have a transmission contract to bring their gas to market. However, this is a major shift in market design from arrangements currently applying in Western Australia and states other than Victoria.</p> <p>The Government will consider the costs and benefits of further advancing this recommendation.</p>	See DMIRS submission for detail on this matter.
<i>Recommendation 17:</i> That the Office of Energy extends the planned Tariff and Concession Framework Review to cover the retail gas market.	<p>Noted. The Tariff and Concession Framework Review is currently not structured to address the issue of reticulated gas affordability through an Inclining Block Tariff. This is because of the current absence of data around domestic gas consumption - data which has only recently been obtained from the Electricity Corporations in relation to electricity.</p> <p>The incorporation of reticulated gas issues into the Tariff and Concession Framework Review would require a substantial extension in the project's timeline beyond the current August 2011 deadline.</p> <p>Gas affordability may best be addressed as a discrete issue following the Tariff and Concession Framework Review's advice to the Minister in August 2011. However, this would require additional resourcing particularly given that the implementation of reticulated gas Inclining Block Tariffs would follow a significantly different process to electricity.</p> <p>Consideration of reticulated gas tariff affordability and the implementation of an Inclining Block Tariff would have to also consider the needs of non-reticulated gas consumers (those who are dependent on bottled LPG). Increased electricity costs faced by households without access to bottled LPG or reticulated gas will be considered by the current Tariff and Concession Framework Review.</p> <p>Energy hardship issues are also being considered more generally as part of the Strategic Energy Initiative: <i>Energy 2031</i>. The recently released Directions Paper includes a key aim as part of the 2031 vision that, over a 5 to 10 year horizon, it is important that the State achieves realistic pricing of energy that improves the effectiveness of the market. It is noted that this must be linked with social provisions that protect the welfare of vulnerable people in the community.</p>	See DMIRS submission for detail on this matter.



Recommendation	Response and Comments	2023 Update Comments
<p><i>Recommendation 18:</i> To encourage the development of unconventional gas, and to ensure it is undertaken in a responsible and environmentally sustainable manner, the Department of Mines and Petroleum should:</p> <ul style="list-style-type: none">• work with all stakeholders to promptly resolve issues in the regulatory, environmental and native title approvals process; and• ensure that Environment Management Plan compliance audits and reviews are undertaken regularly in order to identify and act upon any practices that demonstrate improper or unsafe water management processes.	<p>Noted. The Department of Mines and Petroleum continues to work closely with all stakeholders in the regulatory, environmental and native title approvals process to resolve any issues identified.</p> <p>The Department has compliance processes in place to reinforce the role of the Environment Management Plan and to ensure that any potentially sensitive activities are regularly audited and that issues are identified early. These processes also ensure that safe and appropriate water management practices are applied to all resource activities.</p>	<p>In August 2016, DMIRS released an overview of Western Australia's guide to the regulatory framework to Shale and Tight Gas in Western Australia.</p> <p>In 2018 the Government lifted a total ban on fracking, but continued its prohibition across Perth, the south-west the Dampier Peninsula and all existing and proposed national parks. The decision allowed for fracking within existing petroleum licences outside of these areas.</p> <p>DMIRS is continuing to consult toward the finalisation of State regulations on fracking.</p>